LIGAND

Biopharma's Technology and Capital Partner

FEBRUARY 27, 2024

Fourth Quarter and Full Year 2023 Financial Results

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The process for reconciliation between the non-GAAP adjusted financial numbers presented on slides 3, 13, 14 and 15 and the corresponding GAAP figures is shown in the earnings press releases for the fourth quarter and the fiscal year ended December 31, 2023 or the fiscal year ended December 31, 2022, available at https://investor.ligand.com/press-releases. However, other than with respect to total revenues, the Company only provides financial guidance on an adjusted basis and does not provide reconciliations of such forward-looking adjusted measures to GAAP due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation.

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2023 Highlights



FINANCIAL

Strong financial performance

21% revenue growth*, 66% EPS growth*
Improved financial profile, lean corporate cost structure
Strong balance sheet, no debt



STREAMLINED OPERATIONS

Focus on lean infrastructure

Completed the OmniAb and Pelican separations
Business development and investment team scale up, opened Boston office
Hired experienced investment and diligence professionals



PORTFOLIO

Deployed capital to execute on strategy

Increased investment activity, hundreds of deals reviewed
Deployed $77M in 5 investments: Tzield, Soticlestat, QTORIN Rapamycin, Zelsuvmi, Primrose



LONG TERM OUTLOOK

Introduced 5-year expectations

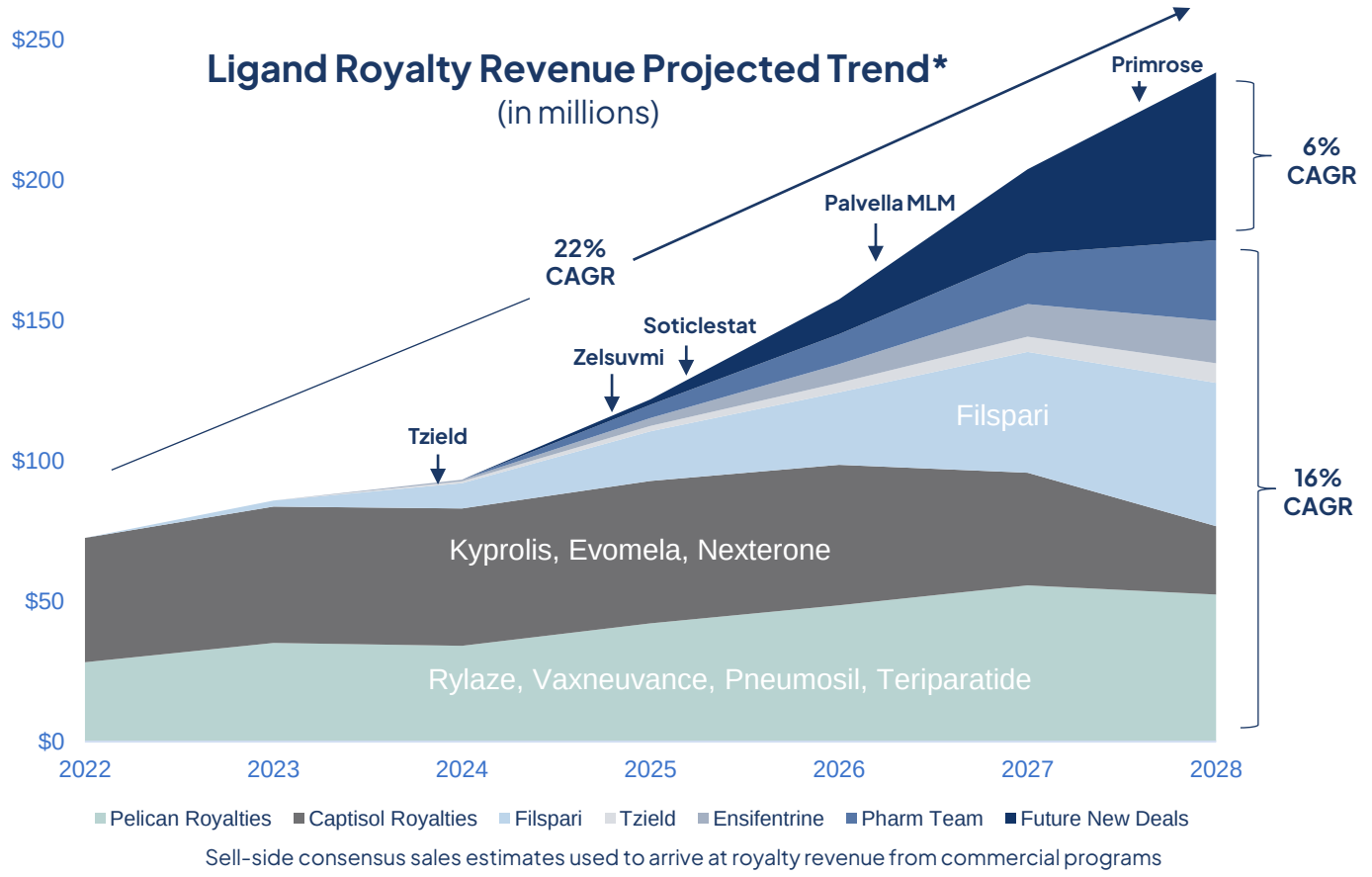
Royalty revenue CAGR >20%, adjusted EPS>25%
To be driven by current major commercial programs, existing pipeline and expected contribution from new business development

*Growth % excludes the impact on gross profit, net of tax, from COVID-related Captisol, gains from Viking Therapeutics Stock sales and Novan operating expenses. See non-GAAP reconciliation in the fourth quarter 2023 earnings press release.

Looking Ahead: 5-Year Royalty Revenue Outlook

Current Portfolio and Operations Drive Significant Growth Expectations

- Royalty revenue growth could exceed a 20% CAGR
- Existing commercial programs and late-stage pipeline ("Pharm Team") provide a strong foundation and support a potential 16% CAGR
- We expect Tzield will contribute in 2024, Soticlestat and Zelsuvmi in 2025, Palvella MLM in 2026/2027, and Primrose programs in 2028 and beyond*
- Adding in the first wave of potential future new investments could increase royalty revenue growth to exceed a 20% CAGR
- Operating leverage gained from lean corporate cost structure could drive adjusted EPS CAGR exceeding 25%



*Assumes regulatory approval which is subject to risks as described elsewhere in our filings with the SEC

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Key Portfolio Highlights

Marketer	Program	Therapeutic Area	Phase	Royalty Rate	2024 Catalysts
Pelthos Therapeutics	ZELSUVMI* (Berdazimer Gel)	Pediatric & Adult Infectious Disease	NDA Approved	N/A	☑ FDA Approval (January 5)
Verona Pharma	Ensifentrine	Pulmonology	NDA Filed	Low Single Digit	NDA Approval Decision (PDUFA June 26)
MERCK	V116	Infectious Disease	Phase 3	Low Single Digit	BLA Approval Decision (PDUFA June 17)
TRAVERE THERAPEUTICS	FILSPARI™	Nephrology	FDA Accelerated Approval (February 2023)	9%	Potential EU and full US approval in 2024

* Ligand acquired Zelsuvmi and related technology assets from Novan and is in process of creating Pelthos Therapeutics to commercialize Zelsuvmi

Building Out Our Senior Investment Team



Richard Baxter
SVP, Investment Operations

Decades of investment experience across complex capital structures, including senior secured debt & royalty financings

Co-founded the healthcare group for the Drawbridge Special Opportunities Fund at Fortress Investment Group, which invested ~$1B in emerging life sciences companies

Co-headed the healthcare team at Hayfin Capital Management LLP, where his team deployed $1.4B in capital over four years

CBO at Concurrent Pharmaceuticals, Inc., Head of Sales and Marketing at PathoGenesis Corp & ViroPharma Inc.



Karen Reeves, M.D.
SVP, Clinical Strategy and Investments

20+ years of executive leadership in top pharmaceutical companies

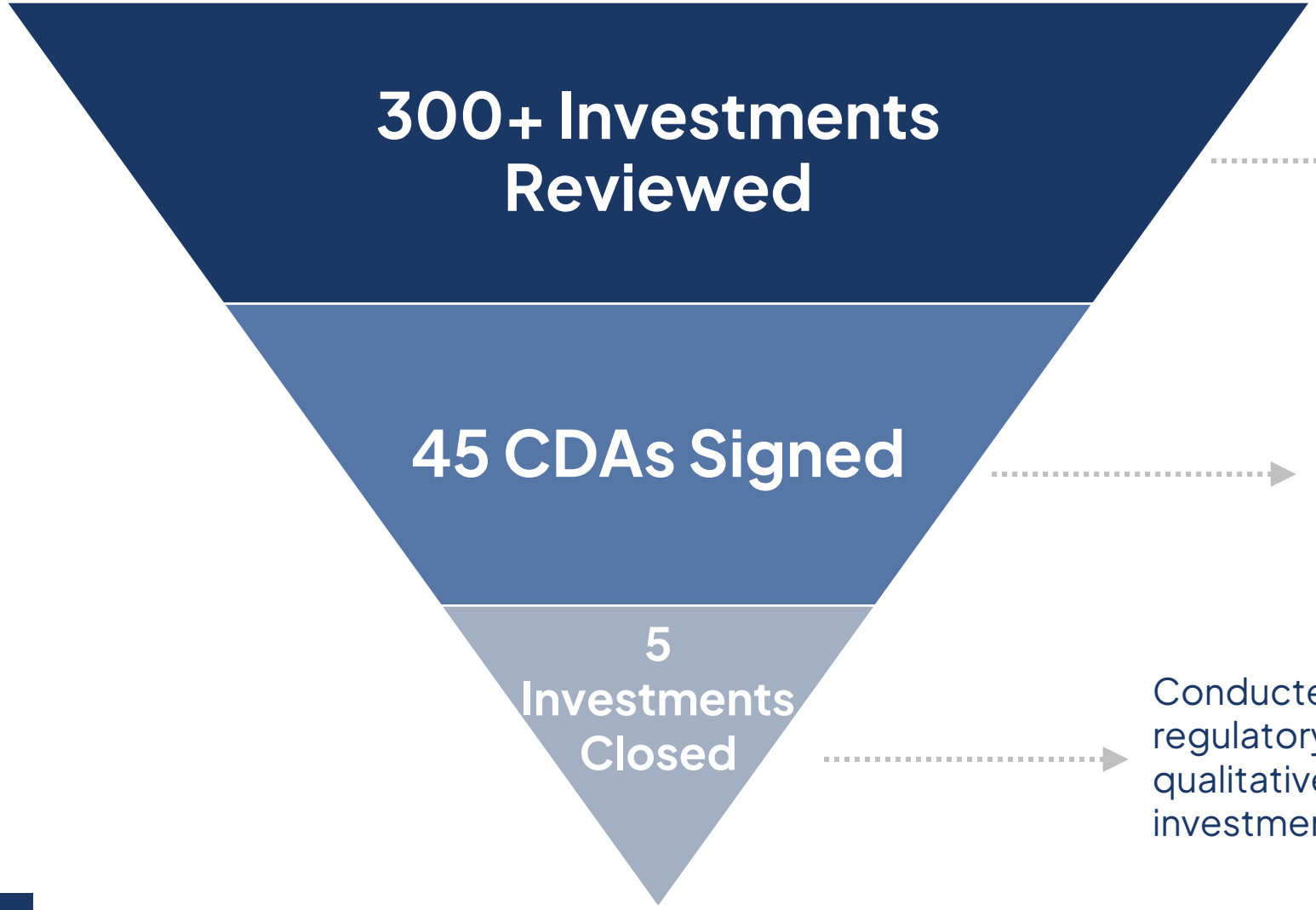
President & CMO at AZTherapies, a late-stage private company focused on neuro-inflammation, AD, & ALS

Multiple leadership positions across therapeutic areas at Pfizer, including 3 neuroscience approvals: VP WW R&D, WW Safety & Regulatory, & Head Global Clinical Submissions Quality

VP, Head Global Medical Sciences at Astellas Pharma, Inc.

Global Team Lead, Chantix®, winner Prix Galien Best Pharmaceutical

2023 Investment Activity



Leveraged team's extensive experience across therapeutic categories and technologies to facilitate quick kills and focus on highest value opportunities

Initiated in-depth research and engaged external consultants to rapidly identify and focus on key opportunities, risks, and diligence questions. Evaluated revenue and valuation dynamics

Conducted thorough due diligence across clinical, regulatory, commercial, IP, and legal categories to qualitatively and quantitatively characterize the investment opportunity

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Q1 2024 Investment Pipeline

Pipeline Volume

Ligand has a significant number of investment opportunities in the pipeline

The team is currently reviewing ~30 potential investments, totaling a ~$1.4B investment opportunity

Therapeutic Categories

Potential investments span more than 10 different therapeutic areas, including:

Cardiology, Endocrinology, Hematology, Immunology, Neurology, Oncology, Ophthalmology, & Rheumatology

Investment Structures

The pipeline comprises a diverse mix of investment structures:

Royalty Monetization – 15 Targets
Project Finance – 11 Targets
M&A – 4 Targets

Ligand has a robust pipeline of opportunities spanning therapeutic categories and investment structures

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Ligand Investment Criteria

Time to Cash Flow
No more than a few years from potential approval

Clinical Differentiation
Data supports ability to address high unmet need and strong safety profile

Exclusivity
Favorable market exclusivity

Structural Alignment
Competent counterparty with structural alignment to Ligand

Risk-Reward
Superior risk-reward profile

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Key Partnered Commercial Programs

Marketer	Program	Therapeutic Area	Royalty Rate	2023 Updates	Outlook
AMGEN	Kyprolis®	Oncology	1.5 to 3%	Exceeded $1.4B in global sales	Volume growth continuing to drive sales higher
TRAVERE THERAPEUTICS	FILSPARI™	Nephrology	9%	FDA Accelerated Approval and launch in IgAN (February)	EU and full US approval decisions expected in 2024; Potential to be Ligand's largest royalty stream
ACROTECH BIOPHARMA / CASI Pharmaceuticals	EVOMELA®	Oncology	20%	Exceeded $40M in sales	Large royalty on niche product with significant market share in China
Alvogen	Teriparatide	Endocrinology	25 to 40% Gross Profit Share	New competitive entrants	Program continues to penetrate into brand market share
Jazz Pharmaceuticals	Rylaze™	Oncology	Low Single Digit	EMA Approval (September)	European launch provides incremental growth opportunity
MERCK	Vaxneuvance™	Infectious Disease	Low Single Digit	$665M in global sales	Continued strong launch into pediatric market
SERUM INSTITUTE OF INDIA PVT. LTD.	Pneumosil®	Infectious Disease	Low Single Digit	$3 to 4 million of 2023 royalty	Large orders from WHO/UNICEF provide long-term revenues
sanofi	TZIELD®	Endocrinology	Less than 1%	Sanofi acquired Provention Bio for $2.9B. Positive Phase 3 data in Stage 3 patients	Expected filing for label expansion to Stage 3 patients

Key Partnered Pipeline Programs

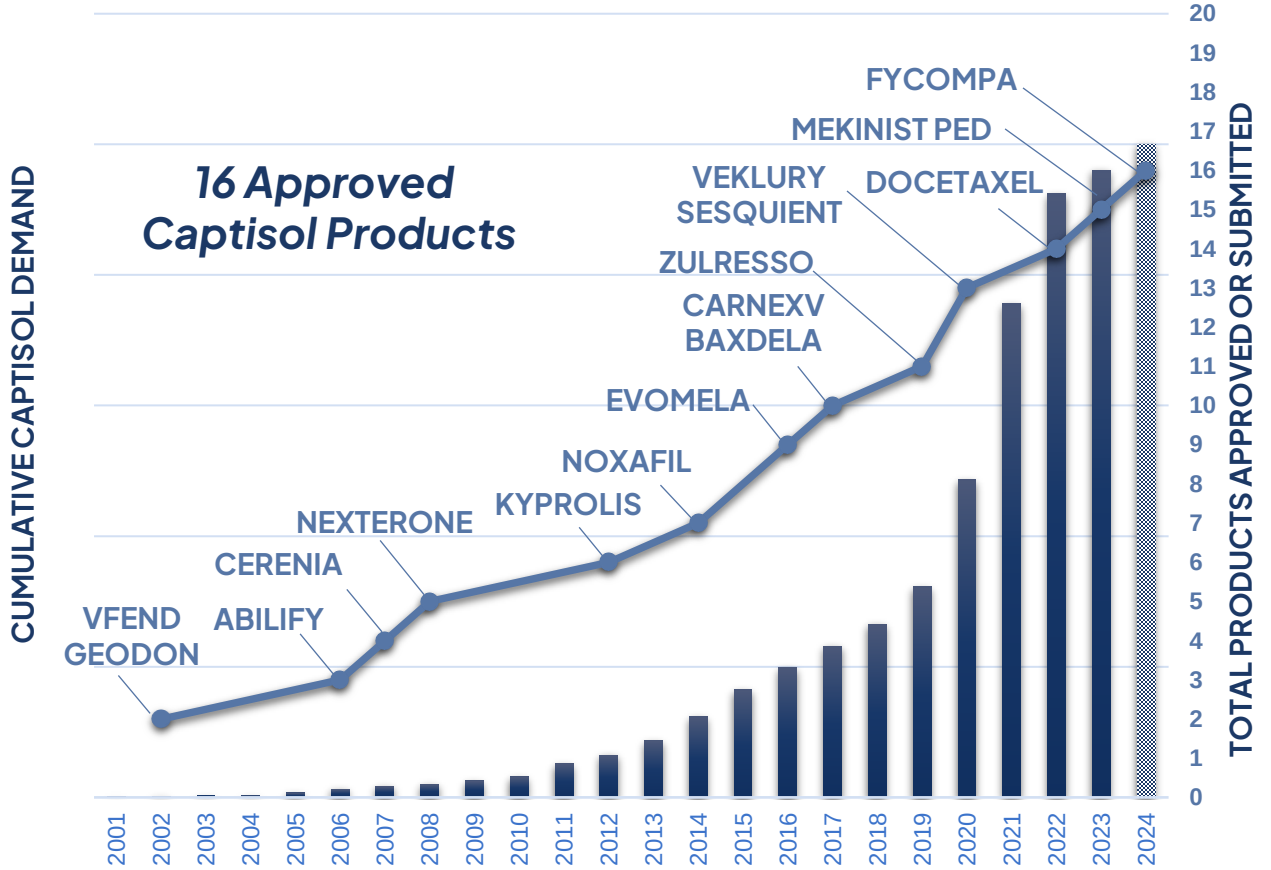
Marketer	Program	Therapeutic Area	Phase	Royalty Rate	2023 Updates	2024 Catalysts
Pelthos Therapeutics	ZELSUVMI* (Berdazimer Gel)	Pediatric & Adult Infectious Disease	NDA Approved	N/A	NDA Submission; Ligand acquired assets	☑ FDA Approval (January 5)
Verona Pharma	Ensifentrine	Pulmonology	NDA	Low Single Digit	NDA Submission (June)	FDA Approval Decision (June 26 PDUFA)
MARINUS PHARMACEUTICALS	Ganaxolone-IV	CNS	Phase 3	Low to Mid Single Digit	75% Enrolled in RSE study	Phase 3 topline data (Q2)
MERCK	V116	Infectious Disease	Phase 3	Low Single Digit	Positive Phase 3 topline data (July); BLA accepted for Priority Review (November)	BLA Approval Decision (June 17 PDUFA)
Takeda	Soticlestat	CNS	Phase 3	Up to 2.6%	Positive Phase 2 ENDYMION open-label data (April)	Topline Phase 3 data
palvella THERAPEUTICS	PTX-022	Rare Dermatology	Phase 3	8% to 9.8%	Breakthrough Therapy Designation (November)	Phase 3 MLM trial initiation
VIKING THERAPEUTICS	VK-2809	Hepatology	Phase 2b	3.5% to 7.5%	Positive Phase 2b topline data (May)	Phase 2b 52-week biopsy data (H1)

* Ligand acquired Zelsuvmi and related technology assets from Novan and is in process of creating Pelthos Therapeutics to commercialize Zelsuvmi

Captisol Platform Technology

Captisol received its first approval of 2024 with Eisai's injectable FYCOMPA, approved in Japan on January 18th

- In 2024, Captisol has already received 1 approval and has **4 additional possible new approvals** by end of year
  - The approval is an injectable formulation of Eisai's FYCOMPA, a first-in-class antiepileptic drug
  - Possible additional 2024 approvals include drugs partnered with BendarRx, SQ Innovation, Sunshine Lake Pharma, and Merck KGaA
- Recent and upcoming approvals provide key advancements for approved Captisol products
  - 1st CE-enabled liquid oral product approval
  - 1st Biowaiver (paper submission of Captisol & docetaxel) approval
  - 1st CE-enabled SubQ product approval



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2023 Financial Highlights

Revenue

$131M

21% core revenue growth*

Cash & Investments*

$170M

as of December 31, 2023

Core Adjusted Diluted EPS

$4.06

66% growth over 2022*

Debt Free

Convertible notes paid off in May 2023
$75M revolving credit facility in place

* Growth % excludes the impact on gross profit, net of tax, from COVID-related Captisol, gains from Viking Therapeutics Stock sales and Novan operating expenses. Cash & Investments includes $32M in VKTX stock as of 12/31/23 . See non-GAAP reconciliation in the fourth quarter 2023 earnings press release.

Q4 & Full Year Financial Performance

$ in millions, except for per share amounts (unaudited)	Three Months Ended December 31,		Year Ended December 31,	
	2023	2022	2023	2022
Revenues:				
Royalties	$22.5	$22.0	$83.9	$72.5
Captisol - Core	3.9	3.3	28.4	16.4
Captisol - COVID	-	23.5	-	88.1
Contract revenue	1.7	1.5	19.0	19.2
Total revenues	**28.1**	**50.4**	**131.3**	**196.2**
Operating costs and expenses:				
Cost of Captisol	1.6	21.6	10.5	52.8
Amortization of intangibles	8.3	8.5	33.7	34.2
R&D Expense	5.5	9.2	24.5	36.1
G&A Expense	16.0	31.1	52.8	70.1
Total Operating Expenses	**31.5**	**70.5**	**121.5**	**193.2**
Operating Income (Loss)	(3.4)	(20.1)	11.9	3.0
Gain (loss) from short-term of investments	16.0	44.2	46.4	28.5
GAAP Net Income (Loss) from Cont. Ops	18.0	(14.5)	53.6	($5.2)
Non-GAAP Net Income	$24.3	$23.5	$107.3	$82.2
Core Non-GAAP Net Income*	**$18.5**	**$13.0**	**$71.6**	**$41.9**
GAAP Diluted from EPS	$1.02	($0.86)	$3.02	($0.31)
Non-GAAP Diluted EPS	$1.38	$1.36	$6.08	$4.79
Core Non-GAAP Diluted EPS*	**$1.05**	**$0.75**	**$4.06**	**$2.44**

- Total 2023 revenue increased 21% when excluding Captisol used for COVID
- 2023 royalty revenue grew 16% driven by Kyprolis, Rylaze and Vaxneuvance
- Decrease in R&D and G&A operating expenses driven by Pelican spin-out
- 2023 core adjusted diluted EPS increased 66% to $4.06

*Excludes Covid-19 related Captisol sales, gains from sale of VKTX stock. *See non-GAAP reconciliation in the fourth quarter 2023 earnings press release.*

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2024 Guidance & Longer-Term Outlook

	2022 Actuals	2023 Actuals	2024 Guidance	2028 Outlook	2022–2028 Outlook CAGR
Royalty Revenue	$73M	$84M	$90M - 95M	$235M	22%
Core Captisol Sales*	$16M	$28M	$25 - 27M	$30M	11%
Contract Revenue	$19M	$19M	$15 - 20M	$25M	5%
Total Core Revenue*	$108M	$131M	$130M - 142M	$290M	18%
Adjusted EPS*	$4.79	$6.08	$4.25 - 4.75	$10.00 - 10.50	27%
Covid-19 Captisol	$2.25	-	-	-	-
Viking Stock Gain	-	$2.02	-	-	-
Adjusted Core EPS*	$2.44	$4.06	$4.25 - 4.75	$10.00 - 10.50	27%

*Excludes Covid-19 related Captisol sales and CAGR % based on mid-point of range. See the fourth quarter press release for a sample non-GAAP reconciliation.

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Q&A

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